Go to Jail, Do Not Pass Go (Go = Work Comp Insurance)

The Illinois Government News Network had an interesting news release recently about the pitfalls of not having workers’ compensation insurance.

**Company Never Purchased Workers Compensation Insurance**

Mr. Ahmed Ghosien, of Hometown, IL, d/b/a Ghosien European Auto Werks, felt he could skirt the Illinois statute requirement to provide workers’ compensation coverage for his auto mechanics and support staff. The Illinois Workers’ Compensation Commission (IWCC) discovered Mr. Goshien had never purchased workers’ compensation insurance for the employees of his repair shop.

In March, 2010, the IWCC served Mr. Goshien with a Notice of Non-Compliance. Mr. Goshien in April, 2010 obtained his first workers’ compensation insurance policy. In a July, 2010 settlement agreement with the IWCC, Mr. Goshien agreed to pay a $25,000 fine at the rate of $5,000 per month for five months. Mr. Goshien failed to make any of the five payments.

The workers’ compensation policy obtained by Mr. Goshien in April, 2010 was cancelled in December, 2011 for non-payment of the insurance premium. The efforts of the IWCC to resolve the conflict with Mr. Goshien were not successful, as he failed to get his workers’ compensation insurance reinstated and refused to pay the IWCC fine.

**Owner Received Criminal Indictment & Fines**

Mr. Goshien secured workers’ compensation insurance in February, 2013, but only after he learned of a criminal indictment against him. The IWCC Compliance Unit, the Cook County Illinois Sheriff’s office and Cook County State’s Attorney’s Special Prosecutions Division working together, for over a year on this matter, had secured a felony indictment against Mr. Goshien in November, 2012 for the intentional violation of the Illinois workers’ compensation statute.

Prior to 2005, the failure to obtain workers’ compensation insurance was a misdemeanor in Illinois. In 2005, the failure to be insured for workers’ compensation was changed from a misdemeanor to a Class 4 felony, which carries penalties of 1 to 3 years in the penitentiary and/or fines of up to $25,000. It remained a Class 4 felony when Illinois passed the revised Workers’ Compensation Act of 2011.

**Failure To Obtain Workers Comp is Class 4 Felony That Will Cost Jail Time**

Following several continuances, Mr. Goshien on July 25, 2013 entered a guilty plea to the Class 4 felony charge. He will return to court in October, 2013 for sentencing, pursuant to the pleas agreement and agreement to pay a fine of $25,000.

IWCC Chairman Michael P. Latz released a statement of “Employers who refuse to obtain workers’ compensation insurance put their employees at risk, gain an unfair advantage over law-abiding competitors and ultimately shift the cost of their business to the Illinois taxpayers.”

Mr. Goshien’s efforts to avoid purchasing workers’ compensation insurance will most likely end up with him going to jail. While employers may resent the state mandating their purchase of workers’ compensation insurance, it is the law in every state (with specific exceptions), and there is no reason for an employer to go to jail over not having workers’ compensation insurance.

While you cannot avoid the requirements to have workers’ compensation insurance, you can reduce the cost of workers’ compensation. For more information on how your company can lower the cost of workers’ compensation (without going to jail), please contact us.